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HOUSE RESEARCH ORGANIZATION

daily floor report

Friday, October 15, 2021
87th Legislature, Third Called Session, Number 11
The House convenes at 10 a.m.

Six bills are on the General State Calendar for second reading consideration today. The bills analyzed or digested in today's *Daily Floor Report* are listed on the following page.



Alma Allen
Chairman
87(3) - 11

HOUSE RESEARCH ORGANIZATION

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Friday, October 15, 2021

87th Legislature, Third Called Session, Number 11

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SUBJECT: Appropriating federal coronavirus recovery funds for education agencies

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 23 ayes — Bonnen, M. González, Ashby, C. Bell, Capriglione, Dean, Dominguez, Gates, Holland, Howard, A. Johnson, Julie Johnson, Minjarez, Morrison, Raney, Rose, Sherman, Stucky, E. Thompson, VanDeaver, Walle, Wilson, Wu

3 nays — Jarvis Johnson, Schaefer, Toth

1 absent — Zwiener

WITNESSES: For — (*Registered, but did not testify*: Andrea Chevalier, Association of Texas Professional Educators; Eli Melendrez, Texas AFT; Mike Meroney, Texas Association of Manufacturers)

Against — None

On — Jordan Smith, Legislative Budget Board; Brian Guthrie, TRS; (*Registered, but did not testify*: Nim Kidd, Texas Division of Emergency Management; John Carlton, Texas State Association of Fire and Emergency Districts; David Lakey, The University of Texas System; Katrina Daniel, TRS)

BACKGROUND: The federal American Rescue Plan Act (ARPA) of 2021 provided funds to state, local, territorial, and tribal governments to be used to respond to the COVID-19 pandemic. ARPA created the Coronavirus State and Local Fiscal Recovery Funds, which allocated \$15.8 billion to Texas, and the Coronavirus Capital Projects Fund, which provided \$500.5 million to the state. The Texas comptroller created the Coronavirus Relief Fund No. 325 to track federal funds coming to the state in response to the pandemic.

According to the U.S. Treasury Department, recipients of funds may use them to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water,

sewer, and broadband infrastructure. The Treasury Department also has specified some ineligible uses, including for changes that reduce net tax revenues and extraordinary contributions to a pension fund.

The U.S. Treasury Department issued an interim final [rule](#), effective May 17, 2021, on implementing the Coronavirus State and Local Fiscal Recovery Funds. The rule includes details on how the fund can be used, and in July 2021, the department issued a frequently asked questions [page](#) with additional information on eligible uses.

DIGEST: HB 160 would appropriate \$2 billion from the Coronavirus State Fiscal Recovery Fund (CSFRF) established under the federal American Rescue Plan Act of 2021.

National Research University Fund. The bill would appropriate \$1 billion to the National Research University Fund to increase the corpus of the fund. The intent of the Legislature would be that the methodology used to determine the total distribution from the fund be reset to reflect the additional appropriation.

Teacher health care. The bill would appropriate \$286.3 million to the Teacher Retirement System to provide funding for coronavirus-related health care claims incurred before September 1, 2021, in the TRS-Care and TRS-ActiveCare programs for the two-year period beginning on the bill's effective date. The intent of the Legislature would be that premiums not increase for TRS-Care and TRS-ActiveCare insurance policies as a result of coronavirus-related claims incurred before September 1, 2021.

University construction. The bill would appropriate \$325 million to the Texas Higher Education Coordinating Board for university construction during the two-year period beginning on the bill's effective date and contingent on enactment of legislation relating to the issuance of tuition revenue bonds.

Texas Child Mental Health Care Consortium. The bill would appropriate about \$113.1 million to the Texas Higher Education Coordinating Board to support the operations and expansion of the Texas Child Mental Health Care Consortium to expand mental health initiatives

for children during the two-year period beginning on the bill's effective date.

At the consortium's direction, the coordinating board would have to transfer appropriations through interagency contracts with health-related institutions of higher education for the following purposes:

- about \$20.6 million for enhancements and expansion of the Child Psychiatry Access Network;
- about \$56.2 million for enhancements and expansion of the Texas Child Access Through Telemedicine program;
- about \$33 million for expansion of the child and adolescent mental health workforce; and
- about \$3.3 million for administrative expenses.

Except for administrative expenses, the consortium could transfer up to 10 percent of appropriated funds for other purposes described above. The consortium would have to obtain approval from the Legislative Budget Board before transferring more than 10 percent of funds for those purposes.

By December 1, 2021, out of the appropriated \$113.1 million, the coordinating board would have to transfer about \$3.3 million to a consortium-designated institution of higher education for oversight and evaluation of the outlined initiatives.

State operations center. HB 160 would appropriate \$300 million to the Texas Division of Emergency Management (TDEM) to acquire land for, and construction of, a state operations center during the two-year period beginning on the bill's effective date. The bill would increase the capital budget authority of TDEM by \$300 million.

Intent, transferability. It would be the intent of the Legislature that appropriations made by HB 160 would be one-time appropriations made to address state needs for the two-year period beginning on the effective date of the bill and be used only for purposes authorized by state and federal law and before other methods of finance. It also would be the intent of the Legislature that, if the U.S. Treasury Department or other

qualified state or federal authority determined that a purpose for which money was appropriated in HB 160 was an improper use of that money, the appropriated money not be spent and instead be retained for later legislative appropriation.

The appropriations in HB 160 for mental health, the emergency operation center, university construction, and the National Research University Fund would be made under federal law provisions that allow money from the CSFRF to be used to provide government services relating to a reduction in state revenue caused by the COVID-19 public health emergency.

Provisions in the fiscal 2022-23 general appropriations act and supplemental appropriations act approved in the 2021 regular session that govern state agencies' discretionary transfer of money from one appropriations item to another would apply to the appropriations made in HB 160 to the extent permitted by federal law.

The bill would take effect immediately.

SUPPORTERS
SAY:

HB 160 would use federal coronavirus relief and recovery funds distributed to Texas to support institutions of higher education, cover COVID-19 health insurance claims for teachers, improve the mental health of women and children, and better coordinate state responses to disasters and other emergencies.

Emerging research institutions. The bill would provide \$1 billion to the National Research University Fund (NRUF), which the Legislature established in 2009 to provide a dedicated and equitable source of funding to enable emerging research universities to achieve prominence as major research universities. The money would grow the corpus of the fund and generate additional investment income, allowing the NRUF to increase distributions to eligible institutions. Texas lags behind California and New York in the number of top-tier research institutions, and growing the NRUF would help more Texas institutions improve their research and academics.

Four institutions — Texas Tech University, University of Houston, The University of Texas at Dallas, and The University of Texas at Arlington — have met benchmarks established by the Higher Education Coordinating Board and are eligible for NRUF distribution. Four others are working toward meeting the minimum requirements to become eligible to receive distributions. While the NRUF appropriation would not benefit all Texas colleges and universities, many of those institutions received direct funding in earlier congressional efforts at mitigating the pandemic.

University construction. The bill also would appropriate \$325 million to provide Texas university systems with tuition revenue bonds (TRBs) as a method of financing capital projects on campuses. The projects would allow universities to expand facilities to meet growing enrollment and incorporate technology improvements in laboratories and other buildings. Legislation has been filed to specify the TRB projects if the governor added such legislation to the special session agenda.

Teacher health care. Money set aside in HB 160 for teacher health care would pay for claims related to COVID-19 by active and retired teachers. It would prevent an anticipated 5 percent increase in premiums next year for TRS-ActiveCare participants and would allow the Teacher Retirement System to offer a "premium holiday" for TRS-Care, the program for retired educators, that would allow retirees to avoid paying premiums for a few months.

Emergency operations. Funding in HB 160 would allow the Texas Division of Emergency Management (TDEM) to build a new state operations center that would consolidate its operations currently housed in three locations, including an underground facility built in the 1950s and leased space at a hotel. These spaces are outdated, too small, and lack the necessary capabilities to efficiently host the multiple agencies responding to disasters and to coordinate statewide disaster preparedness and response. TDEM has played an important role in responding to the COVID-19 pandemic, and the funding in HB 160 would benefit all Texans by providing quicker and more effective disaster preparedness and response.

Mental health care. HB 160 would allow the Texas Child Mental Health Care Consortium to leverage its existing infrastructure and expand current initiatives that help improve the mental health of women and children. One of the initiatives, the Child Psychiatric Access Network, has demonstrated success in connecting primary care providers with psychiatrists through teleconsultations to assist doctors with behavioral health care for their child patients. Additional funding would help the consortium expand the initiative to include perinatal psychiatric access, which would help increase the number of health care professionals with the skills to serve pregnant women and mothers experiencing mental health challenges.

The bill is focused on education-related spending, and the important issue of property tax relief could be addressed in separate legislation.

CRITICS
SAY:

HB 160 would prioritize the use of federal coronavirus relief funds for state spending instead of providing meaningful tax relief to Texans who have suffered economically due to the pandemic and Winter Storm Uri. The bill should broaden its approach to higher education appropriations to reach more institutions of higher education, including community colleges.

Emerging research institutions. The spending proposed in HB 160 would reach only a few select universities that qualify for distributions from the National Research University Fund. Many smaller universities and colleges also are hurting financially because of lower enrollments due to the pandemic. These institutions provide lower tuition and should receive state support to continue offering affordable degrees and credentials. The state should direct some of the funding to historically black colleges and universities that have been chronically underfunded by the state.

NOTES:

According to the Legislative Budget Board, the bill would have no impact to general revenue related funds through fiscal 2023. However, there would be a cost of \$2 billion to Coronavirus Relief Fund No. 325.

SUBJECT: Appropriating federal coronavirus recovery funds for DSHS and HHSC

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 26 ayes — Bonnen, M. González, Ashby, C. Bell, Capriglione, Dean, Dominguez, Gates, Holland, Howard, A. Johnson, Jarvis Johnson, Julie Johnson, Minjarez, Morrison, Raney, Rose, Schaefer, Sherman, Stucky, E. Thompson, Toth, VanDeaver, Walle, Wilson, Wu

0 nays

1 absent — Zwiener

WITNESSES: For — (*Registered, but did not testify*: Joel Romo, Association of Texas EMS Professionals and Austin EMS Association; Elisa Tamayo, Emergence Health Network; Mark Vane, Husch Blackwell Strategies; John Hryhorchuk, Texas 2036; John Henderson, Torch)

Against — None

On — Victoria Grady, Health and Human Services Commission; Kirk Cole, Texas Department of State Health Services; (*Registered, but did not testify*: Tim Bray and Trey Wood, Health and Human Services Commission; Donna Sheppard, Texas Department of State Health Services; John Carlton, Texas State Association of Fire and Emergency Districts)

BACKGROUND: The federal American Rescue Plan Act (ARPA) of 2021 provided funds to state, local, territorial, and tribal governments to be used to respond to the COVID-19 pandemic. ARPA created the Coronavirus State and Local Fiscal Recovery Funds, which allocated \$15.8 billion to Texas, and the Coronavirus Capital Projects Fund, which provided \$500.5 million to the state. The Texas comptroller created the Coronavirus Relief Fund No. 325 to track federal funds coming to the state in response to the pandemic.

According to the U.S. Treasury Department, recipients of funds may use them to support public health expenditures, address negative economic

impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Treasury Department also has specified some ineligible uses, including for changes that reduce net tax revenues and extraordinary contributions to a pension fund.

The U.S. Treasury Department issued an interim final [rule](#), effective May 17, 2021, on implementing the Coronavirus State and Local Fiscal Recovery Funds. The rule includes details on how the fund can be used, and in July 2021, the department issued a frequently asked questions [page](#) with additional information on eligible uses.

DIGEST:

HB 161 would appropriate \$2.7 billion from money received by Texas under the federal Coronavirus State Fiscal Recovery Fund (CSFRF) established under the American Rescue Plan Act of 2021 and deposited to the credit of the state Coronavirus Relief Fund No. 325. Unless otherwise specified, the appropriations would be made for the two-year period that begins on the bill's effective date.

COVID-19 response. The bill would appropriate \$2 billion to the Department of State Health Services (DSHS). For the period beginning March 3, 2021, and ending December 31, 2021, the funds would be used for the following COVID-19 pandemic purposes:

- providing funding for state and local hospital surge staffing;
- purchasing therapeutic drugs; and
- providing funding for the operation of regional infusion centers.

The bill would state legislative intent that any reimbursement received by DSHS from the Federal Emergency Management Agency (FEMA) regarding expenditures paid from appropriated funds would be deposited to the general revenue fund and not expended until appropriated by the 88th Legislature. Appropriations that remained unobligated on January 1, 2022, would lapse to the credit of the Coronavirus Relief Fund No. 325 and could not be expended until appropriated by the Legislature.

Staffing needs. The bill would appropriate \$300 million to the Health and Human Services Commission (HHSC) to administer one-time grants for

providing critical staffing needs resulting from frontline health care workers affected by COVID-19, including providing recruitment and retention bonuses for staff:

- of nursing facilities, assisted living facilities, home health agencies, and facilities that serve persons with intellectual or developmental disabilities in an intermediate care facility;
- who provide community attendant services; and
- who provide home and community-based services and services through the Texas home living (HCS and TxHML) waiver programs.

Of the \$300 million, \$150 million could be used only for grants for nursing facilities, and \$150 million could be used only for grants for other health care facilities mentioned above.

It would be the intent of the Legislature that HHSC prioritize grants that comply with reporting requirements prescribed by Rider 143 in the General Appropriations Act of the 87th Legislature, the reporting requirements established by SB 809 by Kolkhorst, Acts of the 87th Legislature, or equivalent reporting requirements established by the commission.

By December 1 of each year, the commission would have to submit a report to the Legislative Budget Board on the amount of grants awarded, the award recipients, and the total amount of each grant used by the recipient.

Dallas State Hospital. The bill would appropriate \$237.8 million to HHSC to complete construction of a state hospital in Dallas.

HHSC's capital budget authority would increase by \$237.8 million for the above appropriation.

Emergency medical services. The bill would appropriate \$21.7 million to DSHS to provide funding for emergency medical response service staffing, including:

- funding for programs to incentivize and increase the number of Emergency Medical Technicians (EMTs) and paramedics that provide care on an ambulance; and
- funding for Emergency Medical Services (EMS) education programs, including distance learning programs, to increase the number of EMTs and paramedics graduating from EMS education programs.

It would be the intent of the Legislature that DSHS prioritize the \$21.7 million for rural and underserved areas.

Rural hospitals. The bill would appropriate \$75 million to HHSC to provide funding for grants to support rural hospitals that have been affected by the COVID-19 pandemic.

Federally Qualified Health Center Incubator Program. The bill would appropriate \$20 million to DSHS for the Federally Qualified Health Center Incubator Program.

Federal funds for hospitals. It would be the intent of the Legislature that DSHS and HHSC appropriate federal funds only to entities that were in compliance with the hospital price transparency public disclosure requirements as required by 45 C.F.R. Secs. 180.10-180.60 and by SB 1137 by Kolkhorst, Acts of the 87th Legislature.

Intent, transferability. It would be the intent of the Legislature that appropriations made by HB 161 would be one-time appropriations made to address state needs for the two-year period beginning on the effective date of the bill and be used only for purposes authorized by state and federal law and before other methods of finance. It also would be the intent of the Legislature that, if the U.S. Treasury Department or other qualified state or federal authority determined that a purpose for which money was appropriated in HB 161 was an improper use of that money, the appropriated money not be spent and instead be retained for later legislative appropriation.

The appropriations in HB 161 for hospital construction, emergency medical services, grants for rural hospitals, and Federally Qualified Health

Centers would be made under federal law provisions that allow money from the CSFRF to be used to provide government services relating to a reduction in state revenue caused by the COVID-19 public health emergency.

Provisions in the fiscal 2022-23 general appropriations act and supplemental appropriations act approved in the 2021 regular session that govern state agencies' discretionary transfer of money from one appropriations item to another would apply to the appropriations made in HB 161 to the extent permitted by federal law.

The bill would take effect immediately.

**SUPPORTERS
SAY:**

HB 161 would allocate essential federal funds to the Department of State Health Services (DSHS) and the Health and Human Services Commission for various health care facilities' staffing needs to care for patients during the ongoing COVID-19 pandemic.

COVID-19 response. HB 161 would address an urgent need to maintain adequate staffing levels at hospitals and help the state respond more efficiently and effectively to the COVID-19 pandemic. Currently, DSHS is experiencing a cash flow issue and needs funds immediately to provide surge staffing, purchase therapeutic drugs, and operate regional infusion centers.

As the pandemic continues, many frontline health care professionals are experiencing burnout, leading them to retire, switch jobs, or quit entirely. Additional federal funds are necessary to increase the number of available hospital staff, which would help stabilize patient care and ensure the provision of needed services.

Directing funds to loan repayment programs and expedited licensure programs, as some have suggested, could be outside the purview of the U.S. Treasury Department's interim final rule.

Dallas State Hospital. The bill would expand access to mental health services for Texans in the Dallas area, which currently does not have a state psychiatric hospital, and help reduce backlogs for those awaiting

treatment. The 87th Legislature appropriated some funds to plan, design, and acquire land for the Dallas State Hospital but did not appropriate funds for construction. This bill would help save the state general revenue funds by using federal dollars for the hospital's construction.

Emergency medical services (EMS). The bill would strengthen the state's EMS infrastructure by encouraging more emergency medical technicians and paramedics to enroll in education programs, graduate, and obtain licensure to provide emergency care. Many EMS professionals are leaving their jobs due to burnout, risk of COVID-19 exposure, and more competitive career opportunities. As such, Texas EMS agencies are struggling to maintain an adequate workforce, especially in rural areas. Appropriating funds for EMS education programs would help generate more EMS professionals, which could improve how quickly Texans' emergency situations are addressed.

Staffing needs, rural hospitals, and FQHC program. The bill would provide sufficient funds for staffing needs at long-term care facilities, grants at rural hospitals, and the Federally Qualified Health Center (FQHC) Incubator Program. There is a finite amount of available funds and several competing priorities; however, the discussion of allocating additional funds could be continued during the budget process.

Other needs. While some have raised concerns that other items should be funded, HB 161 appropriately would address immediate needs. The bill is designed to appropriate one-time funding, including \$300 million for long-term care facilities to improve worker retention. Requesting an increase in wages for community attendant care workers could become a permanent increase, resulting in the state needing to use general revenue when federal funds had been depleted.

CRITICS
SAY:

COVID-19 response. The Legislature should allocate additional funds beyond what the bill has proposed to more effectively address staff shortages in hospitals, nursing homes, and home health agencies. Because contractors generally pay higher rates for surge staffing than some health care facilities pay their staff, some health care professionals are leaving jobs at facilities to seek these opportunities, making it difficult for facilities to recruit and retain adequate staffing levels for patient care. To

help resolve the staffing shortage, the Legislature should invest funds in loan repayment programs and expedited licensure programs.

Staffing needs, rural hospitals, and Federally Qualified Health Centers. The amount of funds proposed for staffing needs at long-term care facilities, grants for rural hospitals, and Federally Qualified Health Centers is too low to care for Texans sufficiently. The COVID-19 pandemic exacerbated provider shortages in rural areas, and more support is needed to appropriately address Texans' needs.

OTHER
CRITICS
SAY:

COVID-19 response. Before the Legislature allocates federal funds to state and local hospital surge staffing, it should first disclose how previous surge staffing funds were spent. Financial transparency is needed before allocating additional funds, and the Legislature should carefully consider whether surge staffing is the best use of federal funds or if hospitals could use other funding streams to recruit and retain staff.

Other needs. The bill should include funding to increase wages for community attendant care workers, who currently make \$8.11 an hour, a meager amount compared to the value of care they provide to families in need.

The Legislature also should consider funding other items, including:

- an internet portal consolidating provider data for Medicaid and the Children's Health Insurance Program;
- technology updates to the Medicaid eligibility computer system; and
- upgrading existing laboratory facilities in the Rio Grande Valley.

NOTES:

According to the Legislative Budget Board, the bill would have no impact to general revenue related funds through fiscal 2023. However, there would be a cost of \$2.7 billion to Coronavirus Relief Fund No. 325.

SUBJECT: Distributing federal coronavirus recovery funds to homeowners

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 9 ayes — Meyer, Thierry, Button, Guerra, Murphy, Noble, Rodriguez, Sanford, Shine

1 nay — Cole

1 absent — Martinez Fischer

SENATE VOTE: On final passage, September 22 — 30-1 (Eckhardt)

WITNESSES: For — Vance Ginn, Texas Public Policy Foundation; Dale Craymer, Texas Taxpayers and Research Association; Alexie Swirsky; (*Registered, but did not testify*: Daniel Womack, Dow Chemical; Wroe Jackson, Texas Association of Manufacturers; Dustin Matocha)

Against — Eva DeLuna Castro and Chandra Villanueva, Every Texan; Adrian Shelley, Public Citizen; (*Registered, but did not testify*: Dennis Borel, Coalition of Texans with Disabilities; Steven Aleman, Disability Rights Texas; Chloe Latham Sikes, Intercultural Development Research Association; Cyrus Reed, Lone Star Chapter, Sierra Club; Rene Lara, Texas AFL-CIO; Dena Donaldson, Texas American Federation of Teachers; Beaman Floyd, Texas Impact; Laura Atlas Kravitz, Texas State Teachers Association; Wendolyn Ward, The Arc of Texas; Jim Sewell)

On — Amanda Brownson, Texas Association of School Business Officials and Texas School Alliance; Christy Rome, Texas School Coalition; Cory Vessa; (*Registered, but did not testify*: Korry Castillo and Tom Currah, Comptroller of Public Accounts; Von Byer and Leonardo Lopez, Texas Education Agency)

BACKGROUND: The U.S. Congress established the Coronavirus State Fiscal Recovery Fund as part of the American Rescue Plan Act of 2021 to provide money to the states for certain purposes related to the pandemic public health emergency or its negative economic impacts.

DIGEST: CSSB 1 would distribute certain federal economic assistance money to certain homeowners and establish a joint interim committee on property tax relief.

Direct payments. CSSB 1 would appropriate \$3 billion to the comptroller from money received by Texas from the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act of 2021 to provide direct relief to eligible property owners in response to the negative economic effects of the COVID-19 public health emergency. An "eligible property owner" would be a person who, as of May 1, 2022, owned property for which the person receives a residence homestead exemption from taxation. The bill would state legislative findings, including that the relevant federal funds are for purposes that include "to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households."

The comptroller would be required, not later than September 1, 2022, or as soon thereafter as practicable, to issue a warrant (payment) to each eligible property owner in the amount that was payable from the bill's appropriation. The comptroller would have to calculate the amount of the warrant to which each eligible property owner was entitled by dividing the total amount of money appropriated by the total number of eligible property owners.

On request by the comptroller, each appraisal district would be required, no later than July 1, 2022, to submit in a specified electronic format any information determined by the comptroller to be necessary to identify eligible property owners. The information provided by an appraisal district to the comptroller would be confidential and excepted from public information requirements. The state and the comptroller would not be liable for an error in the information provided to the comptroller.

The following Tax Code provisions would not apply to a warrant issued under the bill:

- the prohibition against the comptroller issuing a warrant or electronic funds transfer to a person who is indebted to the state or has a tax delinquency;

- deductions for repayment of certain debts or tax delinquencies; and
- a property owner's direction to an appraisal district and relevant taxing units to direct notices, tax bills, and other communication to a specified person instead of to the property owner.

If a person who was not an eligible property owner, including the owner's agent or mortgage servicer, received a payment issued under the bill that was intended for an eligible property owner, the person would have to forward the full amount, as well as any information that accompanied the payment, to the eligible property owner as soon as practicable.

The comptroller could adopt rules to administer the payments, including rules prescribing procedures to prevent warrant fraud. The provision for the payments would expire January 1, 2023.

Interim committee. CSSB 1 would establish the Joint Interim Committee on Property Tax Relief to study matters relating to the burdens on property owners imposed by the current ad valorem tax structure and identifying potential solutions to reduce those burdens. The committee would be composed of:

- the chairs of the Senate committees on finance, local government, and education;
- two senators appointed by the lieutenant governor;
- the chairs of the House committees on appropriations, ways and means, and public education; and
- two House members appointed by the speaker.

The lieutenant governor and House speaker would each appoint a co-chair from the members of the committee. The appointments would have to be made no later than the 60th day after the bill's effective date. The committee would have to report its findings to the Legislature by December 1, 2022.

The bill would take immediate effect if finally passed by a two-thirds vote of each house. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

**SUPPORTERS
SAY:**

CSSB 1 would provide relief from the negative economic impacts of the coronavirus pandemic by using \$3 billion of federal American Rescue Plan Act (ARPA) funds for equal payments to each residence homestead owner in the state. It also would establish a joint interim committee of legislators to consider long-term solutions to lower taxes for all property owners.

Direct payments. CSSB 1 would appropriately use federal coronavirus recovery funds to assist households with high local property taxes. The U.S. Congress established the Coronavirus State Fiscal Recovery Fund as part of ARPA to respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households. The negative economic effects of COVID-19 have strained household budgets and made it difficult for local governments to reduce the burden of property taxes. CSSB 1 would provide an estimated payment of about \$533 to each property owner with a residence homestead exemption.

The bill would ensure that homeowners of all income levels were treated fairly by providing the same payment regardless of an owner's property value. While the direct payments would not go to renters, other federal coronavirus relief funds have been directed to rent assistance. Business owners would not get a payment but, unlike homeowners, many are able to use their business property to generate income.

Schools already have received significant funds from the federal government that can be used to help struggling students get back to appropriate learning levels. The Legislature during its regular session continued the school funding increases enacted in 2019 and made provisions for students who have fallen behind to receive tutoring and accelerated instruction.

Other states have used their ARPA funds for tax cuts and challenged the restrictions imposed by the U.S. Treasury Department. In at least one

case, a federal judge has blocked the Treasury Department from enforcing the tax mandate provisions.

Interim committee. CSSB 1 would create an interim committee of lawmakers from the House and Senate to thoughtfully consider long-term solutions to lower property taxes for all Texans. The committee's report would be due before the next regular session of the Legislature and could lay the groundwork for solutions to high property taxes that are making home ownership unaffordable for many. The committee would be able to seek testimony from the business community, homeowners, school leaders, and others on how best to reform property taxes.

CRITICS
SAY:

CSSB 1 would provide one-time payments to homeowners with federal funds that should be used more appropriately to help schoolchildren whose education has been significantly disrupted by the coronavirus pandemic.

The bill would put property tax relief before the needs of schoolchildren at a time when the ongoing pandemic is threatening to create lifelong economic losses for many students, especially those who are from lower-income households. A better use for federal ARPA funds would be to invest in special education and other programs that are needed to address significant learning losses in math and reading.

The use of ARPA funds to provide tax rebates for homeowners could be a violation of U.S. Treasury Department regulations regarding a state's use of funds for tax cuts. A Senate-passed bill avoids this concern and more appropriately uses surplus state funds to temporarily lower school property taxes.

The bill's proposed committee to conduct a major study of property taxes would be more effective if it included members of the public, civic leaders, and representatives of the business community. A committee with broader membership would be more likely to achieve public buy-in on such a major undertaking as property tax reform.

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OTHER
CRITICS
SAY:

CSSB 1 would not provide ongoing property tax relief that so many homeowners are seeking. The Legislature should advance legislation to require that a portion of any future state budget surplus be dedicated to lowering school property taxes.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of \$3.28 million to general revenue through fiscal 2023 and a cost of \$3 billion to Coronavirus Relief Fund No. 325.

SUBJECT: Appropriating federal coronavirus relief and recovery funds

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 25 ayes — Bonnen, M. González, Ashby, C. Bell, Capriglione, Dean, Dominguez, Holland, Howard, A. Johnson, Jarvis Johnson, Julie Johnson, Minjarez, Morrison, Raney, Rose, Schaefer, Sherman, Stucky, E. Thompson, Toth, VanDeaver, Walle, Wilson, Wu

0 nays

2 absent — Gates, Zwiener

SENATE VOTE: On final passage, October 8 — 31-0

WITNESSES: For — (*Registered, but did not testify*: John Hryhorchuk, Texas 2036; Mike Meroney, Texas Association of Manufacturers)

Against — (*Registered, but did not testify*: Craig Weisman)

On — (*Registered, but did not testify*: Kelli Merriweather, Commission on State Emergency Communications; Robert Wood, Comptroller of Public Accounts; Celia Cole, Feeding Texas; Tim Bray, Victoria Grady and Trey Wood, Health and Human Services Commission; Maria Elena Ramon, Office of Court Administration/Texas Judicial Council; Blaire Parker, San Antonio Water System; Tom Curran, Texas Comptroller of Public Accounts; Jennifer Buaas, Texas Department of Information Resources; Nick Villalpando, Texas Department of Information Resources; Kirk Cole and Donna Sheppard, Texas Department of State Health Services; Nim Kidd, Texas Division of Emergency Management; Geoff Burkhart, Texas Indigent Defense Commission; John Carlton, Texas State Association of Fire and Emergency Districts; David Lakey, The University of Texas System; Katrina Daniel and Brian Guthrie, TRS)

BACKGROUND: The federal American Rescue Plan Act (ARPA) of 2021 provided funds to state, local, territorial, and tribal governments to be used to respond to the COVID-19 pandemic. ARPA created the Coronavirus State and Local

Fiscal Recovery Funds, which allocated \$15.8 billion to Texas, and the Coronavirus Capital Projects Fund, which provided \$500.5 million to the state. The Texas comptroller created the Coronavirus Relief Fund No. 325 to track federal funds coming to the state in response to the pandemic.

According to the U.S. Treasury Department, recipients of funds may use them to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Treasury Department also has specified some ineligible uses, including for changes that reduce net tax revenues and extraordinary contributions to a pension fund.

The U.S. Treasury Department issued an interim final [rule](#), effective May 17, 2021, on implementing the Coronavirus State and Local Fiscal Recovery Funds. The rule includes details on how the fund can be used, and in July 2021, the department issued a frequently asked questions [page](#) with additional information on eligible uses.

DIGEST:

CSSB 8 would appropriate \$8.6 billion from money received by Texas under the federal Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act of 2021 and deposited in the state's Coronavirus Relief Fund No. 325. The appropriations would be made for the two-year period that begins on the bill's effective date.

Unemployment compensation. The bill would appropriate \$7.2 billion to the comptroller for the unemployment compensation fund to pay back outstanding advances received by the state from the federal government, and to return the fund to the statutory floor computed under the Labor Code on October 1, 2021, as reimbursement for payments made as a result of the pandemic. The funds would be for use during the state fiscal year beginning September 1, 2021.

Broadband infrastructure. The bill would appropriate \$500.5 million to Fiscal Programs-Comptroller of Public Accounts to fund broadband infrastructure as provided for in Government Code sec. 490I.0108. Of these funds, \$75 million could be used only for the Texas broadband pole replacement program.

Grants for crime victims services, compensation, sexual assault services. The bill would appropriate \$160 million to the Trusteed Programs within the Office of the Governor for grants to crime victims. It would be the intent of the Legislature that grants for crime victims during fiscal 2022 and fiscal 2023 equal grants made in fiscal 2021.

The bill also would appropriate to the attorney general's office \$54.8 million to compensate crime victims, and \$52.3 million for deposit in the sexual assault program account.

Food banks. The bill would appropriate \$100 million to the Texas Department of Agriculture to provide supplemental funding to food banks in response to the COVID-19 pandemic.

Cybersecurity. CSSB 8 would appropriate \$200 million to the Department of Information Resources (DIR) for deposit into the Technology Improvement and Modernization Fund No. 187 for the purpose of cybersecurity projects. Before spending this money, DIR would have to receive approval for proposed projects from the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects.

The bill also would increase DIR's capital budget authority by \$200 million.

Permian Basin Behavioral Health Center. The Texas Facilities Commission would receive \$40 million to construct a 100-bed comprehensive behavioral health center to serve the Permian Basin region. After construction, ownership of the building would be transferred to the Permian Basin Behavioral Health Center controlled by the Ector County Hospital District and the Midland County Hospital District. The appropriation would be contingent on an agreement between the Texas Facilities Commission and the Ector and Midland counties hospital districts guaranteeing the ongoing operations of the comprehensive behavioral health center.

Shortfalls in court fee collections, court case backlog. CSSB 8 would make several appropriations to address matters related to shortfalls in court fee collections.

The following appropriations would be made to address the backlog in court cases:

- \$14.9 million to the judiciary section of the comptroller's office, including to pay for visiting judges and support staff;
- \$10.3 million to the Office of Court Administration, including to pay for information technology;
- \$63.7 million to the Texas Indigent Defense Commission (TIDC) for public defenders and \$13.9 million to be deposited in the Fair Defense Account; and
- \$200,000 to the Office of Capital and Forensic Writs.

The Office of Court Administration would be authorized to use funds that would be appropriated by CSSB 8 for 10 FTEs, and the Office of Capital and Forensic Writs would be authorized to employ one FTE.

The Texas Commission on Law Enforcement would receive \$9.4 million for deposit in the Texas Commission on Law Enforcement Account.

Next generation 9-1-1. The bill would appropriate \$150 million to the Commission on State Emergency Communications for deposit into the Next Generation 9-1-1 Service Fund No. 0195 for the deployment and reliable next-generation 9-1-1 service, including equipment and administration costs. It would be the intent of the Legislature that this money be fully distributed no later than December 31, 2022, and fully spent no later than December 31, 2024.

Customs inspection station. CSSB 8 would appropriate \$15 million to the Texas Department of Transportation for the purpose of funding a customs inspection station on the South Orient Rail Line in Presidio, Texas.

Intent, transferability, effective date. It would be the intent of the Legislature that appropriations made by CSSB 8 would be one-time appropriations made to address state needs for the two-year period

beginning on the effective date of the bill and be used only for purposes authorized by state and federal law and before other methods of finance. It also would be the intent of the Legislature that, if the U.S. Treasury Department or other qualified state or federal authority determined that a purpose for which money was appropriated in CSSB 8 was an improper use of that money, the appropriated money not be spent and instead be retained for later legislative appropriation.

The appropriations in CSSB 8 for crime victims grants, food banks, cybersecurity, a behavioral health center, sexual assault programs, crime victims compensation, short fall in court fees, next generation 9-1-1, and the customs inspection station would be made under federal law provisions that allow money from the CSFRF to be used to provide government services relating to a reduction in state revenue caused by the COVID-19 public health emergency.

Provisions in the fiscal 2022-23 general appropriations act and supplemental appropriations act approved in the 2021 regular session that govern state agencies' discretionary transfer of money from one appropriations item to another would apply to the appropriations made in CSSB 8 to the extent permitted by federal law.

The bill would take immediate effect.

**SUPPORTERS
SAY:**

CSSB 8 would responsibly appropriate money Texas has received from the federal government to address the effects of the COVID-19 pandemic. The pandemic has impacted Texans and state agencies in a wide range of ways, and CSSB 8 would address many of these impacts. The bill would balance the numerous possible uses of the funds with those allowed by the federal government in a strategic way that would help the state in its ongoing recovery from the pandemic.

Unemployment compensation. CSSB 8 would ensure the solvency of the state's unemployment trust fund and prevent businesses from having to pay higher taxes to replenish the fund. When unemployment claims skyrocketed in the spring of 2020 after many businesses laid off workers due to the pandemic, Texas began paying out much higher benefits. Texas borrowed more than \$6 billion from the federal government to make its

legally required payments. The bill would appropriately use federal coronavirus relief funds to pay back the federal loans and replenish the fund to the required statutory floor amount. Many businesses suffered significant economic losses due to COVID-19 and now is not the time to raise unemployment taxes, particularly on smaller businesses, as they work to recover from the disruptions of the past 18 months.

Broadband infrastructure. High-speed internet is essential infrastructure for business, education, healthcare, and beyond. The shift to online work, school, and appointments due to the COVID-19 pandemic has exacerbated the state's already growing "digital divide" or relative lack of affordable and reliable access to internet-based services, especially in certain geographic areas. Broadband improvement would particularly enhance access to important services, such as telehealth, for the elderly and people with disabilities.

Allocating \$500.5 million for broadband development would enable the state to begin meeting the most immediate needs of digitally disadvantaged regions, households, and businesses, and would allow more Texans to benefit from the digital economy while laying a foundation for further investment in digital infrastructure and internet access equity.

Grants for crime victims services, compensation, sexual assault services. Appropriations in CSSB 8 to the governor's office and attorney general's office are needed to address a reduction in federal funds used for crime victims services grants to local governments and non-profits and distributed by the governor's office and for payments made by the attorney general to victims of crime. The bill also would ensure that services for sexual assault survivors could continue by addressing a cash flow issue, lower than pre-COVID levels of revenue, and other factors that could result in insufficient funds to meet some of the program's obligations to service providers.

Cybersecurity. State agencies currently are working with antiquated computer systems, leaving them more vulnerable to cybersecurity threats, which have significantly increased as government services have moved online. Allocating \$200 million would help meet the significant

immediate need for cybersecurity investment and modernization in Texas' public sector.

Food banks. The bill would help reduce hunger for Texans, many of whom were affected by food insecurity during the pandemic, by giving the Texas Department of Agriculture funds for supplemental funding for food banks, some of which would address needs for infrastructure, such as cold storage and other equipment.

Permian Basin Behavioral Health Center. CSSB 8 also would expand access to mental health services in West Texas by funding construction of a behavioral health center to be operated by local hospital districts. The funding will benefit Texans by helping to meet a shortage of this type of bed in the area.

Court case backlog and programs funded by court fees. Several appropriations in CSSB 8 would address needs of the judiciary system to help courts handle a backlog of cases resulting from the COVID-19 pandemic. As cases have become backlogged, court fees that fund many of the services of the judiciary have declined.

CSSB 8 would provide a coordinated response to many components of the backlog with funding for visiting judges, technology, and legal representation for indigent defendants. The Office of Court Administration has reported that without additional funding it could take years to address the backlog. The Texas Commission on Law Enforcement would receive funding in CSSB 8 because its funding also has been affected by the shortfall in court fee collections.

Next generation 9-1-1. The majority of Texas' current 9-1-1 systems are built on outdated landline telecommunications infrastructure. The Legislature has mandated that all parts of the state be covered by next generation 9-1-1 service by 2025, but transition to such systems will be costly. Allocating \$150 million to the fund created by the Legislature for this purpose would enable the state to begin implementing next-generation 9-1-1 systems that are more reliable and capable of addressing the challenges of providing continued service in pandemic conditions.

Customs inspection station. Allocating \$15 million for the construction of a border inspection facility in Presidio would enable the reopening of the international crossing for commercial rail traffic and facilitate the development of rail infrastructure in the area. State funds are needed because the federal government requires, but will not fund, an inspection facility to allow international freight through Presidio.

CRITICS
SAY:

CSSB 8 would spend nearly half of the American Rescue Plan Act appropriations to shore up the unemployment compensation fund at the expense of other unmet state needs, such as housing, child care, and infrastructure. There are other alternatives for replenishing the fund, including using the Economic Stabilization Fund or financing the debt with bonds that could be paid back by employers over several tax years instead of one. The bill should be structured in a way that protects small businesses from higher unemployment taxes while requiring major employers, including some whose revenues greatly increased during the pandemic, to pay higher taxes to replenish the fund.

OTHER
CRITICS
SAY:

While CSSB 8 would provide funding for several important items necessary for state agencies to respond to the impact of the COVID-19 pandemic, other needs should be considered, including aid to the tourism, travel, and hospitality industry, children's advocacy centers, salaries for public safety agency employees, and support for veterans homes and historical sites.

NOTES:

According to the Legislative Budget Board, the bill would have no impact to general revenue related funds through fiscal 2023. However, there would be a cost of \$8.6 billion to Coronavirus Relief Fund No. 325.

SUBJECT: State Board of Education redistricting

COMMITTEE: Redistricting — favorable, without amendment

VOTE: 8 ayes — Hunter, Goldman, Jetton, Landgraf, Morrison, Murr, Schofield, White

6 nays — Rose, Anchia, Guillen, Minjarez, Moody, C. Turner

1 absent — S. Thompson

SENATE VOTE: On final passage, October 4 — 21-10 (Alvarado, Blanco, Eckhardt, Gutierrez, Johnson, Menéndez, Miles, Powell, West, Whitmire)

WITNESSES: For — None

Against — Sergio Lira, Texas AFT; Ashley Cheng, TX AAPI Redistricting Coalition; Prerna Bhat, TX AAPI Redistricting Coalition and Wise Up TX; (*Registered, but did not testify*: Jerry Vattamala, Asian American Legal Defense and Education Fund (AALDEF); Eli Melendrez, Texas AFT; Susana Carranza; Elisa Gonzalez; Carol Wetterauer)

On — (*Registered, but did not testify*: Roli Cruz)

BACKGROUND: Under U.S. Const. Art. 1, sec. 2, an actual enumeration of the populations of each state is required every 10 years. This enumeration is carried out by the U.S. Census Bureau, which published results of the most recent census on August 12, 2021, after COVID-19-related delays changed its original plan to deliver redistricting data to the states by March 31.

Texas has a total resident population of 29,145,505 as of April 1, according to the results of the 2020 census. This is an increase of 3,999,944, or 15.9 percent, since the 2010 census. Dividing the resident population of the state by the 15 State Board of Education districts results in an ideal SBOE district of 1,943,034 individuals.

Texas Const. Art 7, sec. 8 requires the Legislature to provide by law for the SBOE. Education Code sec. 7.101 specifies that the board is composed of 15 members elected from districts in biennial general elections. Sec. 7.104 specifies that at each general election immediately following the decennial reapportionment of districts, one board member is to be elected from each district. Members serve staggered terms of four years, except that immediately following the decennial reapportionment, seven of these members are to serve two-year terms and eight members are to serve four-year terms, as determined by a drawing of lots.

Duties of the SBOE include establishing curriculum and graduation requirements, reviewing and adopting instructional materials, and reviewing the education commissioner's proposed award of new charter schools, with authority to veto a recommended applicant.

Election dates following redistricting. Under SB 13 by Huffman, enacted in the second called session of the 87th Legislature and effective December 2, 2021, Election Code sec. 41.0075 establishes dates for the candidate-filing period, general primary election, and primary runoff election for the 2022 election cycle contingent on the dates that applicable redistricting plans become law. Under SB 13, a redistricting plan will be deemed as "becoming law" on the earlier of the date that the governor signs an Act of the 87th Legislature relating to the composition of the State Board of Education, state legislative, or federal congressional districts or the date that the act becomes law without the governor's signature.

DIGEST: SB 7 would adopt districts for members of the State Board of Education as described by PLANE2106 on the redistricting computer system operated by the Texas Legislative Council. The district plan would apply beginning with the primary and general elections in 2022 for SBOE seats in 2023.

The bill would state legislative intent that if any county, tract, block group, block, or other geographic area was erroneously omitted, a court reviewing the bill should include that area in the appropriate district in accordance with the Legislature's intent. The bill would supersede all

previous enactments or orders and repeal all previous acts of the Legislature adopting districts for the SBOE.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

SUBJECT: Texas Senate redistricting

COMMITTEE: Redistricting — favorable, without amendment

VOTE: 8 ayes — Hunter, Goldman, Jetton, Landgraf, Morrison, Murr, Schofield, White

6 nays — Rose, Anchia, Guillen, Minjarez, Moody, C. Turner

1 absent — S. Thompson

SENATE VOTE: On final passage, October 4 — 20-11 (Alvarado, Blanco, Eckhardt, Gutierrez, Johnson, Menéndez, Miles, Powell, Seliger, West, Whitmire)

WITNESSES: For — None

Against — Jerry Vattamala, Asian American Legal Defense and Education Fund (AALDEF); Dave Jones, Clean Elections Texas; Niloufar Hafizi, Engage Action; Devan Allen, Tarrant County Pct 2; Ashley Cheng, TX AAPI Redistricting Coalition; Prerna Bhat, TX AAPI Redistricting Coalition and Wise Up TX; and eight individuals; (*Registered, but did not testify*: Amatullah Contractor, Engage Action; Cyrus Reed, Lone Star Chapter Sierra Club; Andrea Barreiro, Math for Unbiased Maps TX; Carol Wetterauer)

BACKGROUND: Under U.S. Const. Art. 1, sec. 2, an actual enumeration of the populations of each state is required every 10 years. This enumeration is carried out by the U.S. Census Bureau, which published results of the most recent census on August 12, 2021, after COVID-19-related delays changed its original plan to deliver redistricting data to the states by March 31.

Texas has a total resident population of 29,145,505 as of April 1, according to the results of the 2020 census. This is an increase of 3,999,944, or 15.9 percent, since the 2010 census. Dividing the resident population of the state by the 31 Texas Senate districts results in an ideal Senate district of 940,178 individuals.

Under Texas Const. Art. 3, sec. 25, the state must be divided into Senate districts of contiguous territory with one senator elected per district.

Under Texas Const. Art. 3, sec. 3, senators must be chosen by qualified voters for four-year terms. A new Senate must be chosen after every apportionment, and the members elected after each apportionment must be divided by lot into two classes. The seats of the first class must be vacated at the expiration of the first two years, and those of the second class at the expiration of four years, so that one half of the senators are chosen biennially thereafter.

Election dates following redistricting. Under SB 13 by Huffman, enacted in the second called session of the 87th Legislature and effective December 2, 2021, Election Code sec. 41.0075 establishes dates for the candidate-filing period, general primary election, and primary runoff election for the 2022 election cycle contingent on the dates that applicable redistricting plans become law. Under SB 13, a redistricting plan will be deemed as "becoming law" on the earlier of the date that the governor signs an Act of the 87th Legislature relating to the composition of the State Board of Education, state legislative, or federal congressional districts or the date that the act becomes law without the governor's signature.

DIGEST: SB 4 would adopt districts for members of the Senate as described by PLANS2168 on the redistricting computer system operated by the Texas Legislative Council. The district plan would apply beginning with the primary and general elections for Senate seats in 2022.

The bill would state legislative intent that if any county, tract, block group, block, or other geographic area was erroneously omitted, a court reviewing the bill should include that area in the appropriate district in accordance with the Legislature's intent. The bill would supersede all previous enactments or orders and repeal all previous acts of the Legislature adopting districts for the Texas Senate.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

